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SUBJECT: GUATEMALAN LAND REFORM FLOUNDERING

11. (SBU) Summary: Lack of a clear land policy has sparked trouble for the Government of Guatemala. Historical problems over land ownership, disputes between peasants and landowners, land takeover and forced evictions, plus friction among the Ministry of Agriculture, Secretary of Agrarian Affairs and the Land Fund have caused peasant organizations to become restive once again. The 2007 elections will make land distribution a hot issue, and genuine resolution of land issues remains a distant goal. End summary.

#### A Question of Property

12. (SBU) A recent study by Guatemala's liberal think tank CIEN found that only 28% of Guatemala's 1,097,000 rural properties had legal title. The lack of clear property title has been a major problem. The Law for the Property Information Center (Registro de Informacion Catastral) was recently enacted to address the issue. However, the only consequence to date has been the beginning of discussions to establish the Agrarian Courts which will be charged with sorting out land disputes.

13. (SBU) The Supreme Court is consulting with key sectors on the establishment of the Agrarian Courts. The Supreme Court plans to open 17 Agrarian Courts throughout the country, for which it needs an estimated \$3 million per year.

14. (SBU) Property disputes, however, are only part of the land problem. There are also labor problems, land seizures, violent evictions, widespread poverty and illiteracy in rural areas, and damage caused by Tropical Storm Stan for small land owners and land tenants. Any debate over land property invariably becomes a debate over rural development.

#### Debate over Rural Development

15. (SBU) In January 2006, civil society organizations that had been in dialogue with the government for over three years on agrarian issues decided to abandon the discussions. They claimed that the GOG does not listen to their concerns and that, after three years, the GOG has no clear land or rural development policy and has not produced any results.

16. (SBU) As a result, the GOG Secretariat of Agrarian Affairs announced in early April that it would present the government's agrarian policy by the end of the month, something that had not happened as of mid-May. This announcement highlighted the absence of a clear policy to deal with agrarian problems and rural development.

17. (SBU) Currently there are five different "rural development" bills in Congress. When Congress approved CAFTA in March 2005 it committed to approving a rural development law among other "compensatory measures." Several bills propose different institutions and solutions. Some propose the creation of a new ministry, a new secretariat, or a new

program of rural development; others focus on investment programs. All are indicative of the failure of Q current institutional framework, especially the Ministry of Agriculture and the social funds, to address poverty and the lack of economic and educational opportunities in rural areas.

#### Institutional Problems

¶8. (SBU) The Ministry of Agriculture is nominally in charge of land management policies and programs. Fontierra, the Land Fund, was established to facilitate land access for peasants. The Secretariat of Agrarian Affairs was created as a buffer to confront and solve the most pressing problems raised by peasant organizations. These institutions are caught between the most belligerent protagonists of Guatemala's internal armed conflict: the conservative Agrarian Chamber versus the radical peasant organizations such as Conic and CUC, both of which began as guerrilla support groups.

¶9. (SBU) In April, Minister of Agriculture Alvaro Aguilar decided to no longer support CONIC's purchase requests even though CONIC has a place on the Fund's Board of Directors. Minister Aguilar claimed that CONIC's typical behavior was to demand the purchase of land at inflated prices and then later demand that the Fund forgive the outstanding loan.

#### Comment

¶10. (SBU) The GOG has taken little substantive action on this issue during its three years in power, a fact which has greatly frustrated civil society. The Land Fund has never had the budget or the capacity to address the volume of land purchase requests. Furthermore, the continued lack of a clear policy and institutional action regarding rural development will stimulate still more migrants to head for the United States.  
DERHAM